

Legislative
Assembly
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67 ELIZABETH II, 2018

Bill 20

An Act to amend the Insurance Act with respect to life loans

Mr. J. MacLaren

Private Member's Bill

1st Reading March 22, 2018

2nd Reading

3rd Reading

Royal Assent



EXPLANATORY NOTE

The Bill amends section 115 of the *Insurance Act* to provide for an exception to the current rule which prohibits any person, other than an insurer or its duly authorized agent, from trafficking or trading in life insurance policies. The prohibition does not apply to the assignment of a life insurance policy if the assignment is from the original policyholder or the policy is donated to a charity, if the policy has been held for at least 36 months and if other prescribed requirements are met.

The Bill provides for a 10-day cooling-off period, during which time the agreement for the assignment of a life insurance policy may be cancelled. The Financial Services Commission of Ontario is required to provide oversight to ensure consumer protection.

An Act to amend the Insurance Act with respect to life loans

Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1 Section 115 of the *Insurance Act* is amended by adding the following subsections:**Exception, life loans**

(2) Subsection (1) does not apply if the following conditions are satisfied:

1. The life insurance policy,
 - i. is held by the original policyholder or by the original policyholder and a related person within the meaning of the *Income Tax Act* (Canada), or
 - ii. is donated to a charity registered under the *Income Tax Act* (Canada).
2. If the life insurance policy is held as described in subparagraph 1 i, it has been held for at least 36 months from the day on which it was issued.
3. The person or entity to whom the policy is assigned, and who in exchange lends against the policy to the original policy holder, meets the prescribed requirements and complies with such other requirements as may be prescribed.
4. The agreement to lend against the policy is presented in the prescribed manner and form.

Cooling-off period, life loans

(3) The applicable person mentioned in subparagraph 1 i of subsection (2) may, without any reason, cancel an agreement to assign a life insurance policy at any time during the period starting on the date of entering into a binding agreement and ending on the day that is 10 days later.

Consumer protection, life loans

(4) The Commission shall, in accordance with the regulations, provide oversight in respect of transactions described in subsection (2) in order to ensure consumer protection.

2 Subsection 121 (1) of the Act is amended by adding the following paragraphs:

- 13.1 prescribing anything referred to as prescribed in paragraphs 3 and 4 of subsection 115 (2);
- 13.2 governing the Commission's oversight under subsection 115 (4);

Commencement

3 This Act comes into force on a day to be named by proclamation of the Lieutenant Governor.

Short title

4 The short title of this Act is the *Insurance Amendment Act (Life Loans), 2018*.